

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services	(2) MEETING DATE 5/5/2015	(3) CONTACT/PHONE Machelie Vieux (805) 781-5200	
(4) SUBJECT Submittal of a resolution authorizing: 1) the surplus and sale of County-owned real property (former Atascadero library property) at 6850 Morro Road in Atascadero by public auction; and 2) a budget adjustment to reduce an outstanding loan to the County's Capital Projects Fund and increase the Facilities Planning designation, by the amount of the net proceeds of sale less costs of sale. District 5.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Hold a public auction for the County's former Atascadero library property at 6850 Morro Road. 2. Adopt the Resolution to Surplus and Sell County-Owned Real Property located at 6850 Morro Road in the city of Atascadero. 3. Approve a Grant Deed transferring title of the property to the highest bidder. 4. Authorize the County Real Property Manager to sign all other related documents to close the escrow. 5. Authorize a budget adjustment, to be completed by the Auditor's office, after net proceeds of the sale have been determined, to reduce an outstanding loan to the County's Capital Projects Fund and increase the Facilities Planning designation, by the amount of the net proceeds of sale less costs of sale, by 4/5 vote. 			
(6) FUNDING SOURCE(S) Net proceeds of sale	(7) CURRENT YEAR FINANCIAL IMPACT Net proceeds of sale, with Minimum Bid of \$1,362,000	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>15 mins.</u>)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> Grant Deed			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1415130 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>05/25/2010, 11/02/2010, 11/09/2010, 12/04/2010, 12/14/2010, 1/6/2015, 2/3/2015</u>	
(17) ADMINISTRATIVE OFFICE REVIEW David E. Grim			
(18) SUPERVISOR DISTRICT(S) District 5			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Machelie Vieux
(805) 781-5200

DATE: 5/5/2015

SUBJECT: Submittal of a resolution authorizing: 1) the surplus and sale of County-owned real property (former Atascadero library property) at 6850 Morro Road in Atascadero by public auction; and 2) a budget adjustment to reduce an outstanding loan to the County's Capital Projects Fund and increase the Facilities Planning designation, by the amount of the net proceeds of sale less costs of sale. District 5.

RECOMMENDATION

It is recommended that the Board:

1. Hold a public auction for the County's former Atascadero library property at 6850 Morro Road.
2. Adopt the Resolution to Surplus and Sell County-Owned Real Property located at 6850 Morro Road in the city of Atascadero.
3. Approve a Grant Deed transferring title of the property to the highest bidder.
4. Authorize the County Real Property Manager to sign all other related documents to close the escrow.
5. Authorize a budget adjustment, to be completed by the Auditor's office, after net proceeds of the sale have been determined, to reduce an outstanding loan to the County's Capital Projects Fund and increase the Facilities Planning designation, by the amount of the net proceeds of sale less costs of sale, by 4/5 vote.

DISCUSSION

The complex formerly used by County Libraries to serve the community of Atascadero as the Atascadero Library was located on four parcels of property. The first two parcels total approximately 0.75 acres are located at 6850 Morro Road in Atascadero (APNs: 030-282-027 and 030-282-033) ("Morro Road Property"), and were donated to the County on July 23, 1987. In approximately 1988, a single-story 8,221 square foot building was constructed on the Morro Road Property and served the community of Atascadero as a library until June 2014. See Attachment 1 for a location map and Attachment 2 for an assessor's parcel map.

In 1995, the County purchased two additional parcels totaling 15,675 square feet at 6907 Atascadero Avenue and 6925 Atascadero Avenue (APNs: 030-282-018 and 030-282-032) ("Multi-Family Property") for the purpose of future expansion of the Atascadero Library building.

Over the past decade, the Morro Road Property outgrew its space requirements, and Library staff worked with the Atascadero Friends of the Library ("Friends") to find a solution to remedy the problem. In 2010, the County identified another property as an option for the new Atascadero library. A property at 6555 Capistrano Avenue in Atascadero ("Capistrano Property") included a building shell and some improvements.

In accordance with County policy that new library facilities may be considered when the community contributes half of the funds needed for the project, the County signed a Memorandum of Understanding (MOU) with the Friends on November 9, 2010 to complete improvements at the Capistrano Property and determined the amount of funds necessary to be raised by the Friends. On December 4, 2012, the MOU was amended by a First Amendment to Memorandum of Understanding,

which extended the fundraising timeline for the Friends. As agreed with the Friends, the Capistrano Property was purchased by the County on December 29, 2010 with the intention to complete the construction of the building, a portion of which would serve as a new Atascadero library, and a portion of which would serve other County departments ("North County One Stop Service Center"). The new Atascadero library was opened for operation on June 7, 2014. The MOU requires that the Morro Road Property and the Multi-Family Property be sold and the net proceeds of sale, less associated sales costs, be applied toward the purchase and improvements of the Capistrano Property.

The Morro Road Property was donated to the City of Atascadero ("City") in 1984 by Martin and Susan Polin, with a deed restriction that the property be used as a public library. The deed restriction provided that the Morro Road Property would be transferred to Stanford University if and when the property was no longer used as a public library (giving Stanford a "reversionary interest"). The City subsequently conveyed its interest in the Morro Road Property to the County in 1987. A Gift Restriction Agreement signed January 25, 2010 by the County and the Board of Trustees of the Leland Stanford Junior University authorized the release of the deed restriction on the Morro Road Property and required the maintenance of a new library at the Capistrano Property until January 1, 2073. The City has released any reversionary interest in the property by the recordation of a Quitclaim Deed on June 1, 2010. A Quitclaim Deed from Stanford University was recorded on February 4, 2011. The aforementioned Quitclaim Deeds removed any concern regarding reversionary interest that might have prevented a title company from issuing title insurance to a new owner.

In order to assure sufficient parking for the Morro Road Property to accommodate all allowed land uses in Commercial Retail/PD-3 zoning, the deed for the Morro Road Property will also include a 24-foot wide non-exclusive easement along the southeast property line of the Multi-Family Property for ingress and egress to the Morro Road Property. This easement will be reserved from the deed for the Multi-Family Property. The easement will not be created, however, if the same purchaser acquires both properties and closes escrow on them concurrently.

On February 3, 2015, the Board approved Resolution #2015-30 (Attachment 3) declaring the Morro Road Property to be surplus and not necessary for County use, authorizing payment of a real estate commission, and setting the date of May 5, 2015 for the public auction of the Morro Road Property, with no other changes of terms. Written bids on the County's bid form (Attachment 4) were due by 5:00 PM on May 4, 2015, and the legal notices of the auction have been published. Approval of the Resolution to Surplus and Sell (Attachment 5) will authorize the auction and sale of the Morro Road Property on May 5, 2015 under the following terms and conditions:

- The minimum acceptable bid price will be \$1,362,000.
- A nonrefundable deposit of \$10,000 payable by cashier's check to the County of San Luis Obispo shall be required with the offer.
- The balance of the purchase price shall be payable in cash through escrow, and escrow shall close within 45 days following approval of the County Board of Supervisors.
- The Morro Road Property will be sold in as-is condition, with no repairs or reports provided by the County except a preliminary title report.
- No conditions of sale will be accepted, including financing conditions.
- Upon successful close of escrow, a real estate commission of three percent (3%) of the selling price, or an amount otherwise determined by California Government Code Section 25531 and 25532, shall be payable from the proceeds of sale to a selling broker who is instrumental in obtaining the offer to purchase, provided that the broker is identified at the time of the bid.
- County and purchaser shall pay their own closing costs, customary for San Luis Obispo County.
- Title to the property shall be transferred in the form of a grant deed (Attachment 6).
- Included with the Morro Road Property shall be a non-exclusive easement of twenty-four (24.00) feet in width over the adjacent parcel on Atascadero Avenue (APN: 030-282-032), to accommodate ingress and egress to benefit the Morro Road Property, unless the purchaser of both properties is the same party and the close of escrow is concurrent. This easement shall be included in the grant deed.

The General Services Department recommended a minimum bid of \$1,362,000 for the Morro Road Property based upon review of comparable sales data and an appraisal prepared by a Member of the Appraisal Institute (MAI) certified appraiser. Sealed, written bids received by the deadline will be opened at the auction on May 5, 2015 by the Chairperson of the County Board of Supervisors, followed by an opportunity for oral bidding. In the event that no sealed, written bids are received, no oral bidding will take place, and the auction will be rescheduled. The auction of the Morro Road Property will be immediately followed by a second auction of the Multi-Family Property on May 5, 2015.

The Morro Road Property has been marketed to the public, prospective purchasers, and real estate offices, and a commission will be paid to the selling broker as described above. A sign was placed on the property, and advertisements were placed on Craigslist, and on the County's media sites. Legal notices have been placed in a local newspaper. Property tours and open house receptions were held at the property for the public and real estate agents on April 7, 2015 and April 22, 2015. Interested parties were also able to obtain a property brochure and bid form by contacting Linda Van Fleet (lv fleet@co.slo.ca.us) or Shauna Dragomir (sdragomir@co.slo.ca.us) by email or by calling County Real Property Services at (805) 781-5206.

OTHER AGENCY INVOLVEMENT/IMPACT

County Libraries and the Atascadero Friends of the Library were financial and supportive partners of the endeavor to bring a new, larger library to the community of Atascadero. On October 7, 2014, the County Department of Planning and Building filed a Notice of Determination that the County's disposition of the Morro Road Property is in conformance with the County's General Plan. On December 9, 2014, the Atascadero City Council ("Council") took the following action regarding the Morro Road Property:

- Certified a Negative Declaration 2014-0008 and Initial Study;
- Approved Lot Merger 2014-0013 to join the Morro Road Property (APNs: 030-282-027 and 030-282-033) into one parcel, with a new Assessor's Parcel Number pending; and
- Approved General Plan Amendment 2014-0029 to change the General Plan Designation from Public Facilities to General Commercial.

On January 13, 2015, the Council approved a zoning change of the Morro Road Property from Commercial Professional/PD-3 and Public Facilities to Commercial Retail/PD-3. County Counsel has reviewed and approved the Resolution, Bid Form, and Grant Deed for form and legal effect.

FINANCIAL CONSIDERATIONS

On December 29, 2010 the Board approved the purchase of the Capistrano Property to serve as new Atascadero library and the North County One Stop Service Center, to serve the community of Atascadero.

Funding for this project was provided from numerous sources, Library Atascadero Expansion Designation, Public Facility Fees – Libraries, Friends of the Atascadero Library and a \$1.5 million loan from funding that was originally allocated for the North County One Stop Service Center.

Before the North County One Stop Service Center was combined with the Atascadero library, the One Stop project originally allocated funding from the Capital Project Fund for a separate stand-alone project. \$1.5 million from the original One Stop project was reallocated to the Atascadero Library Project to cover the portion of the project costs associated with the North County One Stop Service Center. In accordance with the MOU between the Friends and the County, any net proceeds generated by the future sales of the Morro Road Property and Multi-Family Property sites will be credited 50/50, and will be contributed to repayment of the loan to the County's Capital Project Fund. Under the MOU, if the sales of the Morro Road Property and Multi-Family Property sites fall short of the loan amount owed, the County and the Friends will split repayment of the remaining balance 50/50. Likewise, if the sales of the Morro Road Property and Multi-Family Property sites exceed the loan amount owed, the County and the Friends will split the excess funds 50/50.

When the eventual sales price of the Morro Road Property is determined at the auction on May 5, 2015, the amount due to the new Atascadero library project, including repaying the outstanding loan to the County's Capital Project Fund, will be paid. The Resolution to Surplus and Sell authorizes the Auditor – Controller – Treasurer – Tax Collector's Office to complete the budget adjustment when the amount of the net proceeds of sale less costs of sale is determined.

RESULTS

Approval of the Resolution to Surplus and Sell will allow the Board to hold a public auction of the County-owned property at 6850 Morro Road, Atascadero. The sale will allow the net proceeds less costs of sale to be contributed toward the new, larger library at 6555 Capistrano Avenue, to better serve the community of Atascadero. This action will help the County to achieve a Communitywide Result of a Livable Community by promoting lifelong learning through improvements to our

County Library locations and programs.

ATTACHMENTS

1. Location Map
2. Assessor's Parcel Map
3. Resolution of Intention to Surplus and Sell
4. Bid Form
5. Resolution to Surplus and Sell
6. Sample Grant Deed